

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF PUBLIC) CASE NO. 9565-F
GAS COMPANY)

ORDER

On October 10, 1987, in Case No. 9565, the Commission approved rates for Public Gas Company ("Public") and provided for their further adjustment in accordance with Public's gas cost adjustment ("GCA") clause.

On July 2, 2001, Public filed its GCA to be effective August 1, 2001.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Public's notice includes revised rates designed to pass on to its customers its expected decrease in wholesale gas costs. Public's proposed expected gas cost ("EGC") is \$5.26 per Mcf. Public incorrectly calculated its EGC by using its cost per Mcf purchased rather than its total cost divided by its Mcf sales. Correcting for this error produces an EGC of \$5.3463 per Mcf, which is a decrease of \$1.2937 per Mcf from the previous EGC of \$6.64.

2. Public's notice sets out no current quarter refund adjustment.

3. Public's notice sets out a current quarter actual adjustment ("AA") of (22.21) cents per Mcf to return over-recovered gas costs from February, March and April 2001. Public incorrectly used its Mcf purchased rather than its Mcf sales to calculate its AA. Correcting for this error produces a current quarter AA of (22.56) cents

per Mcf. Public's total AA is 16.87 cents per Mcf, which is 22.56 cents per Mcf less than the previous total AA.

4. Public's GCA is \$5.5150 per Mcf, which is \$1.5193 per Mcf less than the previous GCA of \$7.0343.

5. The rates in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for gas supplied by Public on and after August 1, 2001.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Public are denied.
2. The rates in the Appendix to this Order, attached hereto and incorporated herein, are approved for gas supplied on and after August 1, 2001.
3. Within 20 days of the date of this Order, Public shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 25th day of July, 2001.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9565-F DATED JULY 25, 2001

The following rates and charges are prescribed for the customers served by Public Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Rates:

| | <u>Base Rate</u> | <u>Gas Cost</u> | <u>Rate per Mcf</u> |
|--------------------------|------------------|-----------------|---------------------|
| Minimum Bill - First Mcf | \$3.2705 | \$5.5150 | \$8.7855 |
| Over 1 Mcf | \$2.1505 | \$5.5150 | \$7.6655 |